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TO RUEHC/SECSTATE WASHDC 6443
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RUEATRS/DEPT OF TREASURY WASHDC
RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS
RUEHLMC/MILLENNIUM CHALLENGE CORP WASHINGTON DC
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UNCLAS SECTION 01 OF 02 JAKARTA 002715

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SUBJECT: INDONESIA PREPARES TO HOST UN CORRUPTION CONFERENCE - ASSET
RECOVERY TOP PRIORITY

JAKARTA 00002715 001.2 OF 002

¶1. (SBU) SUMMARY: Asset recovery will be the GOI's top priority as host of the second Conference of State Parties (COSP) for the UN Convention Against Corruption (UNCAC), to be held in Bali on January 28-February 1 2008. A ministerial-level inter-agency national team led by the Ministry of Foreign Affairs is coordinating efforts for the UNCAC conference. The UN-World Stolen Asset Recovery (StAR) initiative was well received in Indonesia, although implementation questions remain. USG and the GOI are addressing concerns regarding Mutual Legal Assistance request mechanisms and witness cooperation. End Summary.

UNCAC: Asset Recovery Listed as Top Priority

¶2. (U) In a September 24 meeting with the Ministry of Foreign Affairs (Deplu) Directorate for Treaties, Deputy Director Cahyo Muzhar said that the GOI's top priority for the January 2008 COSP is asset recovery, Chapter Five of UNCAC. Muzhar noted other GOI COSP priorities as: supplementing existing mechanisms of mutual legal assistance treaties on asset recovery and establishing international standards and drafting an Indonesian law on the bribing of foreign officials as other GOI UNCAC priorities. DOJ/OPDAT's Resident Legal Advisor (RLA) offered informal assistance, highlighting USG work regarding the Foreign Corrupt Practices Act. Muzhar stated that a more complete agenda will be established after the final UNCAC working group concludes in early October.

Ministerial Team Leads GOI Preparations

¶3. (U) An inter-agency ministerial-level team is overseeing GOI preparations for the second COSP. Participation includes: Deplu, Attorney General's Office, Indonesian National Police, Ministry of Law and Human Rights, KPK (Corruption Eradication Commission), and PPATK (financial intelligence unit). The day-to-day working level contact is Deplu Director General Eddy Pramoto.

¶4. (U) The Ministry of Law and Human Rights is currently drafting a series of anti-corruption amendments to implement UNCAC obligations within its domestic legislation. With other key political issues on the legislative agenda, Parliament will not likely address this legislation before the January 2008 conference.

UN-World Bank StAR Rising

¶5. (SBU) Moving on to related topics, Muzhar said that the UN-World Bank Stolen Asset Recovery (StAR) program was well received in Indonesia. Muzhar was enthusiastic about StAR's balanced nature, placing responsibility on both the developed and developing countries. However, he cautioned that StAR could be a paper tiger if not implemented properly. Some press reports and members of Parliament have questioned the accuracy of UN and World Bank data related to the StAR initiative. There is a hope by many in Indonesia that the StAR program could provide a mechanism to recover the ill-gotten gains of President Suharto. Arif Havas Oegroseno, Director of Political, Security and Territorial Treaties at Deplu, participated in StAR's launch on September 17. In a September 25 joint statement, President Yudhoyono and World Bank President Zoellick highlighted StAR's unique, innovative approach to strengthen GOI capacity on asset recovery. Zoellick and Yudhoyono announced that a UN-World Bank joint mission will visit Indonesia to develop technical assistance programs related to the StAR initiative.

JAKARTA 00002715 002.2 OF 002

MLAT Discussion Positive, But Problems Exist

¶6. (SBU) Muzhar also discussed his perspective on the Mutual Legal Assistance Treaty (MLAT) negotiations that he participated in the week of September 17 in Washington. The negotiations were positive, however the U.S. side noted two significant problems. First, Indonesia's central authority for receiving MLAT requests, located in the Ministry of Law and Human Rights, needed the agreement of the Attorney General's Office and others to comply with incoming MLAT requests, potentially restricting Indonesia's ability to respond. Second, prospective witnesses may refuse to be summoned to provide testimony under Indonesia's new mutual legal assistance law. Muzhar understood U.S. concerns, but noted that MLAT requests are not being rejected in practice due to the inter-agency approval process. Further, the police were effective at gaining witness cooperation in these MLAT matters.

Comment: Right Direction, Slow Speed of Reforms

¶7. (SBU) Indonesia's hosting of the second COSP highlights the importance that Indonesia places on anti-corruption reform. The GOI has ratified the UNCAC, conducted a UNCAC gap analysis between UNCAC obligations and domestic legislation, and has drafted further legislation related to UNCAC obligations. However, the complex network of actors involved in anti-corruption reform in Indonesia - particularly the role of Parliament - will continue to make reform slow and, at times, non-linear. We will continue to discuss with the Indonesians their views on implementing UNCAC obligations. End comment.

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